

Taxpayers called upon to revolt

Continued from B-1

He said the government spent \$124.6 billion on programs intended to help the poor, "but no one in government can tell you precisely who got what from which programs."

The commission concluded that 70 percent of the money spent on "so-called poverty programs" went to the non-poor.

"Further, untold tens of billions of dollars are wasted annually because of the 332 grossly inadequate and incompatible accounting systems that hide more than they show, are understood by very few, provide virtually no management control, and would quickly lead any normal business into Chapter 7 (bankruptcy) — way beyond Chapter 11."

To illustrate the information gap, Eccles cited the government's belief that the national debt is \$1.4 trillion, when it really exceeds \$4.2 trillion. The accounting systems fail, he said, because they do not include off-budget transactions and the unfunded liabilities of Social Security and federal pension systems.

The government doesn't know its cash balances, so it needlessly incurs large interest costs by borrowing when it doesn't have to, Eccles said. While government grants are invested by grantees, money seized by the government from criminals sits idly in non-interest-bearing accounts. That lapse alone costs taxpayers \$66 billion, he said.

"The government's lending practices are abysmal, and it has between \$800 billion and \$900 billion in outstanding loans and guarantees," Eccles said. "We found that the government does not know how much it is owed, how much

is current and how much is delinquent, and how it is subsidizing interest rates."

Going from waste to taxes, Eccles called outrageous the income tax rates levied on middle income families. The taxes paid by the median family are 246.4 times what they were in 1948, but that family's gross income is only 7.6 times what it was then.

As for taxing the rich to solve the deficit problem, Eccles said, "At high income levels, there just is not enough money to do the job." Even if all incomes over \$75,000 were confiscated, the money would run the government for only 10 days.

"If you want to raise a significant amount of taxes, you have to go where the money is — to the lower and middle income families who, as we have seen, are already taxed to death."

He said, "How dare the politicians say we need to raise taxes when they're wasting all this money. How dare they say we need to burden the working people even more when their taxes have been raised by 246 times. How dare anyone in our government look to everyone but himself for fixing such piggish and wasteful ways."

Eccles said something has to be done soon, but he sees no innovative action coming out of Congress or the administration. The government is getting away with its wasteful practices, Eccles said, because citizens permit it.

"The taxpayers of this country ought to rise up in revolt and demand that their congressmen adopt our recommendations and stop wasting all this money," Eccles concluded.

Wednesday, September 26, 1984

Eccles calls for taxpayer revolt

deficit nightmare.

ies, one of the
ssion exhorted
at government

"This is a cruel hoax on the working people of this country, because if taxes are raised to close the deficit, it is the working people who are going to bear the brunt of the burden," Eccles said.

nd chief execu-
Lake business-
lateral spending
nomic growth.

His lengthy speech, peppered with statistics and harsh words, literally drew gasps from the businessmen, many of whom left the luncheon shaking their heads.

ald Reagan to
of federal fi-
nion't solve the

"It scares me to death," one businessman said to another after Eccles was through.

The Grace Commission was created by Reagan to solicit private sector advice on how best to control federal finances. A Democrat, J. Peter Grace, was named chairman

of the commission, and top corporate officials were selected to look at specific problems.

Eccles said the executives volunteered their time and the services of their corporations to develop the Grace Commission report, which concluded that the government could save \$424.4 billion over a three-year period if it implements standard business techniques and cut waste.

He said the federal government is the nation's largest power producer, insurer, borrower, hospital system operator and warehouse operator, and also performs a host of other functions that were once the sole province of the private sector.

"But being the biggest doesn't necessarily mean being

the best, and, in fact, we found many functions that the government performs inadequately compared to private sector standards."

For example, he said, the government spends \$600 million per year operating and maintaining antiquated equipment. It sold power to industrial users for one-third the market rate. The Army spends \$4.20 to process a payroll check when private companies can do it for \$1.

"The list of federal government inadequacies goes on and on," Eccles said, "but perhaps no failure is more appalling than the government's lack of basic information about itself."

See TAXPAYERS on B-2

First Security helps importers, exporters move money around

By Larry Weist
Deseret News business writer

International banking can be very risky business, but it's more vital than ever to the survival of many businesses, a local banking official told the World Trade Association of Utah Wednesday.

Barry Thompson, vice president, senior commercial loan officer and supervisor of international bank loans for First Security Corp., said a recent survey completed by the bank indicates the biggest problem facing Utah importers and exporters is moving money around the world.

"Too many of you sell on open account to foreign buyers because no one else in the world sells on open account except Americans," Thompson said. "If you sell on open account, then they are going to send money to you, and the techniques that are used because of the inefficient services make it very difficult to get paid on time."

Unfortunately, he said, when a local business has money coming from Europe, the conversion is done over there, the foreign banks take a hefty conversion rate then send the money over to New York where the big banks there sit on the money for two or three weeks before sending a check to Utah

that itself must be returned to New York.

The net result, he said, is a lot of frustration, especially when the process takes much longer than a month.

But, Thompson said, there is no reason why the money shouldn't come directly to Utah in as little time as overnight.

"Let's say you're moving money from Paris. It should come directly to a bank here. If the banks have connections, that should take overnight. You should be able to say, 'Should I convert over there to dollars, or should I have the option of getting French francs over here and the bank here giving me a better rate than I'm getting in Paris?'"

Thompson said at other banks in Tulsa and Cleveland where he worked, the local banks were able to give better exchange rates 90 percent of the time after the banks put in foreign exchange trading operations.

"And there's a reason for that — the foreign banks don't have large free balances like we have in this country. Customer's there don't keep ample balances to compensate for the work they do, so typically the banks in those countries charge hefty rates."

In some countries, like Canada, he said, the banks can legally get togeth-

er and fix prices they charge foreigners. "So the only way you can avoid that is to convert here."

First Security, he said, has been increasing the number of its correspondent banks around the world and now has coverage in nearly every country. By the end of February, he said, the bank will have in operation an inter-bank communication system that connects directly with all the major banks of the world. "This is a bank-to-bank arrangement and we won't have to have any intermediaries," including Telex systems, he said.

Although the system is expensive to install, it will allow First Security to transfer money faster and cheaper than ever for its customers, he said.

Next to remittance of funds, letters of credit are the largest problem, particularly for exporters, Thompson said.

Even though the letters are common vehicles used by importers and exporters, they can be difficult to use and cause their own form of aggravation when businesses try to collect on them from New York or other money center banks who may not believe Utah really exists.

First Security, he said, can send the letters to New York and collect the funds because its ongoing relationship gives it more clout with the banks.

Bank women have state confab in SLC

The National Association of Bank Women will hold its 1987 state conference in Utah at the Hilton Hotel in Salt Lake City today through Saturday.

The theme of the conference is "Tomorrow's Financial World: A High Risk Venture." The keynote address, "Managing Risk: Building a New Competitive Advantage," will be delivered by Arlene Brooks, NABW Foundation Trustee and vice president, Rainier National Bank, Seattle, Wash. She will address the need to manage risk for the institution and for the individual.

Also included will be a workshop on "Determining Your Risk Taking Style," a program designed to help attendees address their personal risk-taking potential — calculating odds, choosing the most favorable options and maximizing the desired results.

"Creating Opportunities by Managing Risk" will be a panel program geared towards identifying

area industry leaders and institutions and assessing their management of risk. The panel will be moderated by Evon Emerson, president of Emerson Enterprises, Inc. Panelists include Harris Simmons, president and chief financial officer, Zions Utah Bancorporation; James Fraser, president, Brighton Bank; and Rosemary Sager, assistant vice president and manager, Bank of Yucca Valley, Joshua Tree, Calif.

For additional state conference information, contact conference chairman Shirley Barker, assistant vice president, Zions First National Bank.

Founded in 1921, NABW is a national association of women executives from all segments of the financial services industry. NABW's mission is to empower women in the financial services industry to achieve their professional, economic and personal goals and to influence the future shape of the industry.